

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking into the Review
of the California High Cost Fund B Program.

Rulemaking 06-06-028
(Filed June 29, 2006)

**RESPONSE OF VERIZON TO MOTION OF THE UTILITY REFORM NETWORK
TO IMPLEMENT A PROCESS TO ELICIT PUBLIC INPUT
ON POSSIBLE CHANGES IN BASIC SERVICE AS A RESULT OF
REVERSE AUCTIONS IN HIGH COST AREAS**

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March 5, 2008

Attorney for Verizon

Verizon California Inc. (U 1002 C) respectfully submits this response to the motion filed by TURN asking the Commission to implement a process to elicit public input on possible changes in basic service as a result of reverse auctions in high cost areas (Motion). For the reasons set forth below, TURN's Motion should be denied.

The Commission has broad discretion to hold hearings of any kind; indeed, in every case it is obligated to determine whether a hearing is required and, if so, what kind.¹ The Commission frequently gathers broad public input using a variety of means, where such information would benefit the record and aid in its decision-making. In this case, consistent with its obligations and discretion, the Order Instituting Rulemaking provided that the Assigned Commissioner and Administrative Law Judge "shall determine the need for and extent of further procedural steps that are necessary to develop an adequate record to resolve this rulemaking, and shall issue rulings providing guidance to parties, as warranted."²

Although the Commission has held public participation hearings in prior inquiries to redefine basic service in the context of universal service, TURN's premise that it must do so here too is not well-founded. Although several such inquiries were conducted under legislative mandate that public participation hearings be held,³ Pub. Util. Code section 739.3 – which is guiding this proceeding – does not specify such a requirement. Likewise, the fact that public

¹ Pub. Util. Code §1701.1(a) (commission to determine whether a quasi-legislative, adjudication, or ratesetting hearing is required).

² OIR, June 30, 2006, at 40.

³ See, e.g., Pub. Util. Code § 883(a) and D.96-10-066 at 6-7 (referencing the AB3643 mandate that public hearings be held to encourage participation from broad and diverse interests).

participation hearings were held when basic service was defined does not require the same process before that definition may be modified. Nothing in section 1708 compels such a result, and although TURN suggests that “the spirit” of section 1708(f) supports the notion that changes to the definition of basic service require public participation, that section by its terms does not apply to public participation hearings,⁴ and should not be interpreted to do so.

Moreover, ample evidence shows that consumer choices and expectations about communications services are changing, and thus the notion of a “uniform” level of service that is “essential” to all residential customers does not carry the same meaning today as it did a dozen years ago. Customers have clearly exhibited their desire and preference for a wide variety of service offerings. For example, the Commission found in the URF proceeding that wireless substitution accounted for approximately half of ILEC primary residential wireline losses.⁵ More recently, statistics point to the fact that 1 in 8 American homes, or 13.6%, had only wireless telephones during the first half of 2007.⁶

In addition, as parties’ widely divergent comments and the preliminary working group efforts have shown, the implementation of a reverse auction is extremely complex, and the impact of any reverse auction on the availability of service to customers is undetermined. Additional resolution of issues and development of concrete proposals must be conducted before public participation hearings are likely to assist the Commission.

⁴ D.01-10-036, at 16 (public participation hearings are not “evidentiary hearings” within the meaning of section 1708.5(f)).

⁵ D.06-08-030, Finding of Fact 34.

⁶ Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, January – June 2007, at 1.

Finally, should the Commission decide to hold public participation hearings, whether in response to TURN's Motion or at some future time, a workshop is not needed. The Commission has extensive experience with a variety of means of soliciting public input, and can determine the most appropriate manner tailored to the needs of the case.

For these reasons, TURN's request that a workshop be held to develop a plan for consumer outreach is not needed and should be denied.

March 5, 2008

Respectfully submitted,

/s/

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CERTIFICATE OF SERVICE

I hereby certify that: I am over the age of eighteen years and not a party to the within entitled action; my business address is 711 Van Ness Avenue, Suite 300, San Francisco, California 94102; I have this day served a copy of the foregoing, **RESPONSE OF VERIZON TO MOTION OF THE UTILITY REFORM NETWORK TO IMPLEMENT A PROCESS TO ELICIT PUBLIC INPUT ON POSSIBLE CHANGES IN BASIC SERVICE AS A RESULT OF REVERSE AUCTIONS IN HIGH COST AREAS** by electronic mail to those who have provided an e-mail address and by U.S. Mail to those who have not, on the service list.

I declare under penalty of perjury that the foregoing is true and correct.
Executed this 5th of March, 2008 at San Francisco, California.

/s/
CHRISTINE BECERRA

R.06-06-028



California Public
Utilities Commission

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CALIFORNIA PUBLIC UTILITIES COMMISSION

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